



บริษัท ฟอ์จูน พาร์ท อินดัสตรี จำกัด (มหาชน)

FORTUNE PARTS INDUSTRY PUBLIC COMPANY LIMITED

11/22 หมู่ 20 ถนนนิมิตใหม่ ตำบลลำลูกกา อำเภอลำลูกกา จังหวัดปทุมธานี 12150

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28 February 2018

Subject : Management Discussion & Analysis of Performance Results Yearly Ending 31 December 2017

To : Board of Directors
President of The Stock Exchange of Thailand

Fortune Parts Industry Public Company Limited (“FPI” or “The Company”) would like to submit the annual financial statements (audited) for the year ended 31 December 2017 which has been audited by certified public auditor as follows :

Overall performance results of the Company for the year ended 31 December 2017, compared to the same period of the previous year were as highlighted below ;

(Unit : Million Baht)

| | <u>Separate financial statements</u> | | |
|-------------------------------------|--------------------------------------|-------------|-----------------|
| | <u>2017</u> | <u>2016</u> | <u>% Change</u> |
| Sales and Service Income | 1,979.16 | 1,986.34 | -0.36 |
| Cost of sales and Services | 1,525.25 | 1,449.23 | +5.25 |
| Selling and Administrative Expenses | 244.45 | 197.78 | +23.60 |
| Financial Cost | 30.80 | 34.60 | -11.00 |
| Net Profit | 189.79 | 287.27 | -33.93 |

(Unit : Million Baht)

| | <u>Financial statements in which equity method is applied</u> | | |
|-----------------------------------------------------------------------------|---------------------------------------------------------------|-------------|-----------------|
| | <u>2017</u> | <u>2016</u> | <u>% Change</u> |
| Sales and Service Income | 1,979.16 | 1,986.34 | -0.36 |
| Cost of sales and Services | 1,525.25 | 1,449.23 | +5.25 |
| Selling and Administrative Expenses | 243.94 | 197.78 | +23.34 |
| Share of profit (loss) from investments in associates and joint ventures | 13.93 | (1.60) | +969.14 |
| Financial Cost | 30.80 | 34.60 | -11.00 |
| Net Profit | 204.23 | 285.67 | -28.51 |

Total Revenues

In 2017 and 2016, total revenues of the Company decreased from Baht 2,028.85 million to Baht 2,021.93 million, decreased by Baht 6.92 million or 0.34%. Sales and Service Income amounted to Baht 1,979.16 million for 2017 decreased by Baht 7.18 million or 0.36% compared to the same period of previous year. The mainly reasons were the domestic sales decreased from OEM projects (Toyota) and export sales increased from Asia zone such as Saudi Arabia, India and Malaysia. Sales from Australia and New Zealand zone decreased and meanwhile Sales from Europe zone increased from movement sold to EGR Australia to EGR Europe as delivery country. Gross profit margin decreased 15.49% due to sold OEM project that high gross profit margin decrease, gross profit of Trading products decreased due to Baht strength.

Cost of sales and Services

In 2017 and 2016, total cost of sales and services of the Company increased from Baht 1,449.23 million to Baht 1,525.25 million, increased by Baht 76.02 million or 5.25% due to direct labor and production overhead increases.

Selling and Administrative Expenses

In 2017 and 2016, total selling and administrative expenses of the Company increased 23%, due to the Company increased in loss on exchange rate because of Baht strength 3.53%, allowance for diminution in value of inventories (reversal) increased 89.02% compared to the same period of previous year.

Financial Cost

In 2017 and 2016, total financial cost of the Company decreased from Baht 34.60 million to Baht 30.80 million, decreased by Baht 3.80 million or 11% due to financial cost and cheaper financing compared to the same period of previous year.

Net Profit

In 2017 and 2016, net profit of the Company decreased from Baht 287.27 million to Baht 189.79 million, decreased by Baht 97.48 million or 33.93% due to Baht strength 3.53%, increased from selling and administrative expenses, allowance for diminution in value of inventories (reversal) increased 89.02% compared to the same period of previous year.

For Share of profit (loss) from investments in associates and joint venture in 2017 total to Baht 13.93 million due to :

1. SAFE Energy Holdings Company Limited ("SAFE") as the joint venture which the Company holds 33.37 %. Currently, the project has commenced the commercial operation since quarterly 2/2017. SAFE invest in PWGE 99.99% the Company shall recognize the sharing of operating performance total Baht 15.56 million.

2. FORTUNE-PARTS INDUSTRY ECUADOR CIA.LTDA. as the joint venture which the Company holds 45% the Company shall recognize the sharing of operating performance total Baht 0.93 million.

3. ALP FPI PARTS PRIVATE LIMITED. as the joint venture which the Company holds 45% the Company shall recognize the sharing of operating performance total loss amount Baht 1.73 million.

As a result of this, the share of profit (loss) from investments in associates and joint ventures in the year 2017 significantly changed.

Financial Position : Financial statements in which equity method is applied (in comparison to as at 31 December 2016)

Overall financial position of The Company as at 31 December 2017, compared to the statement of financial position as at 31 December 2016, increased from Baht 2,795.30 million to Baht 2,426.44 million, increased by Baht 368.86 million or 15.20% due to factors as summarized below ;

Total Assets

As at 31 December 2017, total assets was Baht 2,795.30 million, increased by Baht 368.86 million from the ended 31 December 2016 mainly due to cash and cash equivalents short term loan from financial institutions decreased due to the repayment of packing credit and short term loans- letter of credit that matured during the year, inventory increased from finished goods from steel bumper grille and lamp, Other non-current assets increased due to account receivable from fixed asset property, plant and equipment increased from investment injection mold, land investment to expand factory in the future and investment in joint venture of ALP FPI Parts Private Limited and Safe Energy Holdings Company Limited.

Total Liabilities

As at 31 December 2017, total liabilities was Baht 1,467.98 million, increased by Baht 128.40 million from the ended 31 December 2016, mainly from the accounts payable decreased due to the payment. Other current liabilities decreased due to deposit in advance payment for OEM and Long-term loans decreased from payment of trust receipts from import machinery at year end.

Shareholders' Equity

As at 31 December 2017, shareholders' equity was Baht 1,327.32 million increased by Baht 240.46 million from Baht 1,086.86 million as at 31 December 2016 mainly due to the net profit from operating for the period by Baht 204.23 million, dividend paid by Baht 197.01 million, shares to be issued from exercise of warrants increased by Baht 98.91 million and received advance from share subscription by Baht 233.77 million.

Please be informed accordingly.

Yours sincerely,

-Mr.Sompol Tanadumrongsak
Managing Director